

ASSESSMENT FRAMEWORK FOR OCCUPATIONAL REGULATION

The Regulatory Occupations Evaluation Committee (ROEC) has been formed by the Indiana state legislature and will advise the legislature on the future of occupational regulation in the state, particularly those functions currently formed by the Indiana Professional Licensing Agency (IPLA). In order to guide its work, the ROEC has prepared a conceptual framework aimed at answering two questions: (1) Should the state of Indiana be involved in any form of regulation (e.g., licensing, certification or registration) of a particular occupation and, if so (2) What questions should be asked to determine whether a regulatory program is accomplishing its public purpose in a cost-effective manner or needs to be buttressed or reformed in some specific way.

In order to determine whether some regulatory role is appropriate, policy makers are advised to consider answers to the following questions:

1. **Risk Analysis.** Do consumers face a significant risk of harm from purchasing the goods or services of a particular professional? What is the nature of the harm, the likelihood and severity of the harm, and the potential for irreversible harm to the consumer?
2. **Informed Consumer Choice.** To what extent do individual consumers have the capabilities, access to information and experience to make informed risk-benefit decisions about purchasing goods or services from a particular professional?
3. **Self-regulation by the Profession.** Is the profession capable of organizing itself (on a local, state, national or international basis) to ensure an acceptable degree of competence without any regulatory program?
4. **Legal Alternatives to Regulation.** In the absence of an IPLA regulatory program, would consumers have adequate legal protections to deter incompetent or fraudulent behavior by professionals and to seek redress or compensation for avoidable harms?
5. **Benefit-Cost Determination.** Are the consumer benefits of an IPLA regulatory program (e.g., reduced harm to consumers and/or higher levels of public trust in professionals) likely to justify the anticipated costs of a regulatory system (e.g., licensing fees, potentially higher prices for services, and any administrative costs of implementing and enforcing a meaningful regulatory system)?